

VHA PRODUCT DEPARTMENTS AND CLINICAL PRODUCTION UNITS

1. REASON FOR ISSUE. This Veterans Health Administration (VHA) Handbook provides procedures enabling VHA Central Office, Veterans Integrated Service Network (VISN), and the Department of Veterans Affairs (VA) medical center personnel to properly utilize national Product Department codes in their management accounting and data analyses activities.

2. SUMMARY OF CONTENTS/MAJOR CHANGES. This Handbook provides the nationally standard VHA Product Department list and codes that are used to connect clinical products and services to Product Departments (clinical work groups) in order to comply with VA cost accounting standards. Specifically, this Handbook:

a. Provides the current listing of the VHA Decision Support System (DSS) Production Units, their related VHA Product Departments (DSS Department Cost Manager (DCM) Departments) and the counterpart Account Level Budgeter Cost Centers (ALBCCs).

b. Explains the coding components, including the two-character Production Unit Codes, for both VHA National Product Departments and their counterpart ALBCCs.

c. Provides the current fiscal year coding lists as references to this Handbook on (http://vaww.dss.med.va.gov/dss/d_depts.htm). These lists are updated annually and are available on the web page the first day of October of each new fiscal year.

d. Provides Appendix A, Cross Reference Between Clinical Product Department Service Code Prefix (DCM Department Prefix) and VA Cost Center (ALB Cost Center Prefix). *NOTE: The information in Appendix A rarely changes.*

3. RELATED ISSUES. VHA Directive 1750 (to be published).

4. RESPONSIBLE OFFICE. Office of the VHA Chief Financial Officer (CFO), Core Financial Logistics System and DSS Program Office, Database Development Section (175F). Questions may be addressed to the DSS Support Office in Bedford, MA, at 781-275-9175.

5. RESCISSIONS: None.

6. RECERTIFICATION: This VHA Handbook is scheduled for recertification on or before the last working day of May 2009.

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VHA PRODUCT DEPARTMENTS AND CLINICAL PRODUCTION UNITS

1. PURPOSE

This Veterans Health Administration (VHA) Handbook provides procedures for defining and reporting work units in VHA below the cost center level, which on the clinical side are known as Product Departments. The Handbook:

a. Provides the approved list and rules for use of national VHA Product Departments and VHA Account Level Budgeter Cost Center (ALBCC) (200 Series Cost Centers) Codes (the codes are shown on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference A, [National Product Department - ALBCC Master List](#)).

b. Provides the approved list and rules for use of Non-Clinical Indirect ALBCC and Department Cost Manager (DCM) Department Codes (the codes are shown on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference F, [Indirect Non-Clinical Departments](#)).

c. Provides the approved list and rules for use of exempt ALBCC Codes (the codes are shown on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference G, [Exempt ALBCCs](#)).

d. Familiarizes VHA leaders with the Decision Support System (DSS) Production Unit Code System on new VHA national DSS financial reports, i.e., costs and labor hours at the Production Unit level.

e. Provides information on how the national VHA Product Department (and other) lists are maintained annually.

2. BACKGROUND

a. Department of Veterans Affairs (VA) Cost Accounting Standards

(1) Compliance with VA cost-accounting standards requires that the VHA Chief Financial Officer (CFO) standardize identified products and services within VHA. For legal, medical, billing, and cost-workload accounting purposes, as part of product standardization, each clinical product and/or service must be connected to a Product Department, defined as a clinical work group responsible for producing the product according to national quality standards. This Handbook designates the national VHA Product Department code system that is to be used in all VHA units to describe Product Departments. It is the current coding system of DSS, VHA's workload cost-accounting system.

(2) For the ongoing business purpose of supporting DSS use as the VHA management accounting and workload cost-reporting system for all resources used for patients, the standard VHA Product Departments identified in this Handbook are required. *NOTE: A nationally standard Product Department list is required for the new Patient Financial Service System (PFSS) and its Charge Description Master.* All VHA information technology systems and national reports must use these codes (or must provide a tested and reliable cross reference to them) for any data field element called Product Department.

b. **Obligation to Track Product Workload with its Responsible Producing Work Unit or Product Department.** Underlying VHA information technology infrastructure needs to conform to the approved business processes that are compatible with the private sector's method of managing the clinical service products applied to each patient. Furthermore, VHA, as a very large health care system, must have comparable data entities for Product Departments, those clinical work units producing patient care products through clinically-credentialed providers who are medically and legally responsible for the type of care provided.

c. **Requirement of Nationally Standard Product Departments for VHA Federally-Required Workload Cost Reporting or Management Accounting Systems.** These Product Departments are required for workload cost reporting or management accounting systems required for VHA by the Federal Joint Financial Management Improvement Program (JFMIP).

d. **Requirement for National VHA Database, Data Warehouse, and Data Mart Standardization.** These reference data systems require standardized descriptions of clinical service production units and workgroups or Product Departments.

e. **Requirement for National VHA Data Reports for Internal VHA and Outside Agency Reporting.** VHA must adhere to a single reference system for such entities as Products and Product Departments. This is necessary to enable reliable cost comparisons of Product Departments across VHA in preparing specialty clinic capacity reports for medical intensive care units, electrocardiogram (EKG) laboratories, primary care clinics, computerized tomography (CT) departments and mammogram radiology departments.

f. **Introduction and Overview of this Handbook.** VHA's national DSS is basically the same system used by over 4,000 worldwide private sector hospitals as their major process-improvement system and their workload cost-accounting system (also known as "management-accounting system). VHA completed implementation of DSS during Fiscal Year (FY) 1999 and used FY 2000 data as the cost-base for the FY 2002 Veterans Equitable Resource Allocation (VERA). In a November 6, 1998, memorandum, the VHA CFO reported that DSS meets VHA's requirements for its JFMIP-required workload cost-accounting system. Several national DSS reports have been released since FY 2001.

(1) In FY 2001, the national DSS core reports for costs of outpatient encounters, discharged inpatient encounters, and for fiscal year-to-date treating specialty all-inpatient days were released.

(2) In FY 2002, DSS released the first National DSS Cost and Labor Hours Report at the hospital production unit level. This Account Level Budgeter (ALB) National Data Extract (NDE) represents the first opportunity for VHA CFOs and managers to have a cost and hours report at the production unit level. This report is based on:

- (a) Actual production units at the VA medical center, and
- (b) Reliable mapping of production unit labor, hours, and costs.

NOTE: This report has appeared monthly since its release and is presented as a summary at the end of each FY.

(3) As described in this Handbook, the National DSS ALB Cost and Labor Report uses the unique national DSS codes for each standard hospital production unit (also known as clinical work units). The national DSS production unit codes are the central part of the larger DSS Product Department Code and the counterpart ALBCC in the DSS financial module.

g. **History of DSS Production Unit Code Development**

(1) When national VHA implementation of DSS started in 1993, the DSS Field Fiscal Advisory Group (several of whom were on the Financial Manager Advisory Council (FMAC) at the time) strongly recommended that the DSS production unit codes be entirely independent of VA Cost Centers (VACCs). This was so local variation in how production units were assigned to VACCs and parent clinical services would not impact national DSS workload-cost comparisons. Two examples are:

(a) Electromyogram (EMG) Laboratory could be assigned to Rehabilitation (VACC 242) or to Neurology (VACC 235).

(b) Nuclear Medicine could be assigned to Radiology (VACC 222) or Nuclear Medicine (VACC 229).

(2) Since that time, a significant number of VA medical centers have gone even further and assigned Production Units to Patient Care Lines, with the result that VACCs now vary in their use even more. Therefore, since 1994, the DSS Program Office has maintained the National VHA List of Product Departments and Production Unit Codes. Currently, there are nearly 500

national VHA DSS Production Units. *NOTE: These can be seen on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference A, [National Product Department-ALBCC Master List](#).*

h. How National DSS Production Unit Codes are Used in Product Department Codes and in ALBCC Codes

(1) The DSS ALBCC Code is composed of three parts:

(a) The three-character prefix which is the VA cost center of the clinical service managing the Production Unit (see App. A in this Handbook),

(b) The two-character DSS Production Unit code reflecting the work unit nationally (see the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference B, [National Clinical Production Unit Codes](#)), and

(c) The division suffix which can be one or two characters, as needed, to reflect the division of the main station (VA medical center) number. An example follows:

201	MM	1
Medicine VACC	Production Unit Code for Primary Care Clinic	Division 1 (Main Division of a VA medical center)

(2) The DCM department code is composed of a single alphanumeric code to represent the Clinical Service managing the department (see App. A), the two-character (alphanumeric) Production Unit Code (see the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference B, [National Clinical Production Unit Codes](#)), and the division suffix. An example follows:

M	MM	1
Clinical Service Code	Production Unit Code for Primary Care Clinic	Division 1 (Main Division of a VA medical center)

i. Sample National DSS ALB Report

(1) A sample from a VISN’s National ALB Report showing the dollars spent in Primary Care (DSS Production Unit Code: MM) in all divisions of a Station “123,” as well as the costs of the main Division’s medical intensive care unit (MICU) MICU1 (DSS Production Unit Code: E3/E4) follows:

Production Unit Cost Category - DSS Appropriated and Full Cost

* DIVISION		DSS PROD UNIT	* **ALBCC CODE	* **PRODUCT DEPT (DCM Dept)	PRODUCTION UNIT NAME	1 D/I/E	2 THRU FP	3 PERSONNEL COSTS	4 DIRECT CLINICAL CARE CONTRACTS	5 SUPPLIES SUPPLY/ SERVICE CONTRACTS	6 TOTAL DSS APPROPRIATED COSTS
NAME	NATL CODE										
A	123	E3	241E31	UE31	MICU1	D	11	\$2,683,622.33	\$2,366.91	\$201,206.27	\$2,887,195.51
A	123	MM	201MM1A 201MM1B	MMM1A MMM1B	Primary Care/Medicine	D	11	\$1,485,077.34			\$1,485,077.34
B	123BZ	MM	201MM2	MMM2	Primary Care/Medicine	D	11	\$1,400,873.34		\$597.06	\$1,401,470.40
C	123GG	MM	201MM3	MMM3	Primary Care/Medicine	D	11	\$ 637,629.60		\$58,607.11	\$696,236.71
D	123BY	MM	201MM4A 201MM4B	MMM4A MMM4B	Primary Care/Medicine	D	11	\$1,680,554.49			\$1,680,554.49
E	123A4	MM	201MM5A 201MM5B	MMM5A MMM5B	Primary Care/Medicine	D	11	\$2,227,265.79		\$12,538.08	\$2,239,803.87
F	123GH	MM	201MM6	MMM6	Primary Care/Medicine	D	11		\$1,671,051.19	\$597.06	\$1,671,648.25
G	123GD	MM	201MM7	MMM7	Primary Care/Medicine	D	11	\$952,933.38		\$95,160.14	\$1,048,093.52
H	123GE	MM	201MM8	MMM8	Primary Care/Medicine	D	11	\$452,908.79		\$84,933.44	\$537,842.23
I	123GF	MM	201MM9	MMM9	Primary Care/Medicine	D	11	\$1,828,126.42		\$59,628.38	\$1,887,754.80
J	123GA	MM	201MM10	MMM10	Primary Care/Medicine	D	11	\$661,659.53		\$90,027.43	\$751,686.96

* PSEUDO # ** Detail From Basic NDE ALB Extract not on standard NDE ALB Report

- (1) D/I/E: This describes the Product Department as D (Direct), I (Indirect), or E (Exempt).
- (2) This describes the Fiscal Period (FP) through which the DSS costs are cumulated. FP 11 = the month of August in VA Fiscal calendar
- (3) Personnel Costs: These are costs for VA medical center staff.
- (4) Clinical Care Contract costs are for Providers serving in the specific Product Departments.
- (5) On DSS, these costs are those reported in the 2000 series of Budget Object Class (BOC) except for the medical doctor labor contracts.
- (6) Total DSS Appropriated Costs includes all costs reported on the Station's 830 report, but not "Full Costs," which is found by adding all Non-Appropriated Costs (VHA Central Office, VISN, and other national costs).

(2) This DSS Labor Hours and Cost Report can be found at http://klfmenu.med.va.gov/dss/ALBCC_costtab2.asp. **NOTE:** Access privileges to the VISN Support Service Center (VSSC) web site are required in order to see this report.

3. SCOPE

The provisions of this Handbook apply to all:

- a. VA medical centers in their development and use of code structures to designate Product Departments and their counterpart cost centers for Product Departments, known as ALBCCs.
- b. Identifiable data collected on:

- (1) VHA patient intermediate product or service transaction systems, and

(2) VHA systems that serve as feeders to national databases, national data warehouses, and national VHA data marts.

c. Descriptions of Patient (Service) Product Departments that occur on any national VHA reporting of such Product Department entities.

4. GENERAL INFORMATION ON VHA PRODUCT DEPARTMENTS

a. Production Unit Code

(1) VHA currently has nearly 500 Clinical Production Unit Codes (see the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference B, [National Clinical Production Unit Codes](#)). The intent of the DSS standardization rules is to provide categories that permit comparison of workload and cost data for the clinical service work units, which are below the clinical service level. This means that specific Product Departments must have matching ALBCCs in most cases. When more detailed characterization is required (i.e., for six primary care teams in one division to look at comparative productivity), VA medical centers can add suffix characters to the ALBCC and DCM department codes for Production Unit (e.g., Primary Care).

(2) The adding of additional characters to the ALB and/or DCMs provides more detail and makes the data more useful locally, yet still maintains the national standardization. VHA has significant organizational variability across facilities and yet this Production Unit standardization has facilitated national comparability. It is recognized that different managerial structures cannot totally be made comparable across all facilities nationally.

NOTE: In summary, for the most current VA medical centers, the hospital and outpatient services are specified in approximately 500 unique descriptions related to the specific type of health care work performed at this time.

b. Supervising Clinical Service

(1) To maintain comparability of major cost-components for national VHA benchmarks, certain Clinical Production Units must always have a standard Clinical Service Code as the first character of the Product Department Code. These prefix codes are seen in Appendix A. Production Units that require standard first three-character codes are listed on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference C, [Production Units with Required First Three Characters of Product Department Code](#). These include Pharmacy (D), Laboratory (L), X-ray (X, Z, H), Nursing Wards (U), the Operating Room (S), with the two other types of residential units: Dom (4) and Psychiatric Residential Treatment Centers (P).

(2) In addition, the Direct Service Level Product Departments (also known as the DSS “indirect-direct” departments) that do not collect or report clinical products and have Production Unit Codes starting with zero, must retain the standard first three characters (see the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page

(http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference C, Production Units with Required First Three Characters of Product Department Code). In all other Product Departments, the supervising clinical service that carries the medical responsibility and legal liability for the quality of clinical work provided can be used as the first character in the Product Department Code.

(3) The most commonly associated clinical services that manage the Production Unit are listed on the VHA Product Departments and Clinical Production Units web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in the third column of Reference B, National Clinical Production Unit Codes.

c. **The VHA Financial Entity at the Production Unit Level: ALBCC** The three-character VA cost center prefix that matches the clinical service is seen on the VHA Product Departments and Clinical Production Units web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in the fourth column of the table in Reference B, National Clinical Production Unit Codes. This three-character VA cost center prefix reflects the clinical service usually managing the Production Unit. It is used in front of the Production Unit Code to represent the entity known as ALBCC. The DSS fiscal reports, known as “ALB, Costs and Labor Hours by BOCs,” report the costs and labor hours for each of the DSS Production Units. For each VA medical center, these reports are present on their local DSS system. ALB Cost and Labor Hour Reports are also available nationally on the DSS VISN Support Service Center (VSSC) website http://klfmenu.med.va.gov/dss/vaboc_sum.asp. *NOTE: Access privileges to the VSSC web site are required in order to see these reports.*

d. **Exempt Costs**

(1) Certain costs recorded in the DSS financial module, ALB, are inappropriate to apply to VA medical center workload as overhead. These are collected in ALBCC called “Exempt” (i.e., exempt from being allocated to the VA medical center’s Product Departments). A list of those VA cost centers that are usually categorized as “Exempt” on DSS National VHA Product Department and ALBCC Lists is seen on the VHA Product Departments and Clinical Production Units web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) on the Exempt List in Reference G, Exempt ALBCCs. *NOTE: If an ALBCC is categorized as “Exempt,” it does not require a Product Department Code, as it will never need to have its costs allocated from Indirect Departments to Product-bearing Departments.*

(2) Examples of these include the non-VA care costs for which no workload is collected in DSS. Only long-term care (LTC) non-VA work is collected in DSS, but in some VA medical centers, 100 percent of LTC non-VA work is not yet collected, so even for these VA medical centers, some LTC non-VA costs must be handled as “Exempt” ALBCCs.

e. **Non-VA LTC DSS Product Departments**

(1) The Event Capture Software (ECS) is a generic workload capture system, that is Class I Veterans Health Information Systems and Technology Architecture (VistA) Software with Graphical User Interface (GUI)-friendly screens that allow users to go from the Clinical Patient Record System (CPRS) to ECS and back again. The ECS has auto-upload features so VA

medical center social workers or Home-based Health Care (HBHC) nurses can use their current spreadsheets to upload data to ECS once per month. All workload for non-VA LTC must be entered into the ECS in the month the work was performed for the patient and costed on the VA Financial Management System (FMS) (see the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference J, [Non-VA, VA-Paid Long-Term Care Workload Data Capture](#)). To initiate this concurrent capture of non-VA LTC workload on VistA, preauthorized non-VA LTC can be entered into VistA transaction systems in the month it occurs using ECS.

(2) The [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference D, [Non-VA Long Term Care Clinical Production Units](#), lists the 300 Series VACCs and their ALBCC counterparts where VA medical centers are expected to collect timely non-VA LTC workload on spreadsheets to upload monthly to the ECS.

NOTE: For VA medical centers and their DSS Site Teams, it is critical they validate that non-VA LTC staff (Social Work and HBHC nurses) are entering data reliably and regularly into ECS before setting up a direct Product Department for these on DSS. If they are not collecting ECS products, they should use the counterpart Exempt ALBCC for the VACC, as seen on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in the extreme right column of Reference D, [Non-VA Long Term Care Clinical Production Units](#).

f. **Additional Clinical Services Required to Capture Workload with ECS**

(1) The VHA National Program Offices of Social Work, Physical Medicine and Rehabilitation, Recreation Therapy and Chaplain Service require their professionals to use ECS for at least inpatient care products delivered. Audiology and Speech Pathology encourages use of either ECS or their Quasar System.

(2) It is critical for VA medical centers to ensure full costing of each inpatient case and for their clinical professionals to enter the workload per Social Security Number (SSN) encounter from their discipline into ECS. ECS, with its new interface to the CPRS, is extremely convenient for professionals to use as they write their CPRS note, and ECS provides batch entry features for group therapy sessions or individual patients with many products per case.

g. **Non-Product-bearing Departments**

(1) Production Units starting with zero that have no products, but are from 200 Series VACC, are called Direct Support Departments. These are listed on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference E, [Production Unit Codes Starting with Zero: Those with Products or Not](#). Clinical Service Administration (00), Research (01), and Teaching (02) are always Direct Support Departments as none have clinical products. The DSS software treats these VACC 200 series DSS departments as overhead to all the product-bearing departments for that clinical service. Some stations still have product lines, and the cost from the

administrative DSS Direct Departments for Product Lines (such as 0D, 0G, 0I and 0M) are spread over all the product-bearing DCM departments in all the clinical services of that product line. For related information, see the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference K, [DSS Standardization](#), and Reference L, [DSS Outpatient Identifiers](#).

(2) DSS uses a single large step-down to allocate costs from true Indirect Departments such as Engineering and Building Management. The Direct Support Departments (VACC 200 series) with costs, but no products, are at the end of the step-down process, and their costs go only to the specific product-bearing departments they supervise.

(3) For Indirect Departments (VACC 400-600), the step-down statistics that guide the distribution of costs are square feet for 500 series VA cost centers and Direct costs for 400 series. All costs of a service's Direct Support Departments are spread across the service's Product Departments based on direct costs.

h. DSS Master Product Department and/or LB Cost Center List

(1) Each year, the DSS Program Office (175) updates the Master VHA Product Department ALBC and Production Unit Code List. The current list is on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference A, [National Product Department - ALBCC Master List](#).

(2) There are approximately 700 Clinical Product Departments. Most of the direct support or clinical administrative, non-product producing departments (Production Unit Codes starting with zero) are on the list for each major clinical service, thus increasing the number of rows on the National Master Department ALBCC List to nearly 500 Production Unit Codes as shown on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference B, [National Clinical Production Unit Codes](#).

5. CLINICAL SERVICE CODE ON PRODUCT DEPARTMENT

The ALBCC Code System includes a translation and cross-reference table between the VACC prefix (three numeric) to each clinical production unit of the DSS ALBCC module and the clinical service prefix code (one alpha or numeric) used in the Product Department Code. Appendix A is a cross-reference table between ALBCC (three numeric prefix VACCs) and the one alphanumeric character Clinical Service Code prefix used for the DCM Department Codes.

6. CODE STRUCTURE FOR PRODUCT DEPARTMENTS AND ALBCC

a. Clinical Product Departments

(1) The Code Structure System is different for Clinical or Direct Product Departments (from VACC 200 Series) and Indirect ones (VACC 400-600). Clinical ALBCCs start with 200 or 300 VACC prefixes, followed by the Clinical Production Unit Codes in positions 4

and 5. In general, those two-character Production Unit Codes starting with zero are seen in all clinical services or clinical patient care lines. Most of the codes starting with zero are considered clinical direct support costs. This means these costs are spread across the products for the entire clinical service.

(2) All other clinical two-character (alphanumeric) Production Unit Codes are clustered by inpatient or outpatient series and by health care specialty:

(a) For **inpatient** Production Units, lead characters 1 and 2 of the two-character Production Unit are generally considered to be clinically related to Inpatient Medicine specialists in health care; those starting with 3, Inpatient Surgery; those starting with 4, Mental Health; etc.

(b) For the **outpatient series**, codes of Production Unit related to Medicine start with M or N, those related to Surgery start with S, those related to Psychiatry start with P, and those related to Rehabilitation start with R, etc.

(c) Many Production Units serve both inpatients and outpatients. In these cases, the DSS Production Unit coding process advises the VA medical center to select the Department which has the most activity (e.g., audiology is usually outpatient) or if that is not clear, default to the inpatient code as the overriding choice for the code. Laboratory, X-ray, Gastrointestinal (GI) Laboratory, and Operating Room (OR) are usually described this way. In a few VA medical centers, an outpatient-only Production Unit for any one of these types of departments, such as OR, also may be present and require an **outpatient-only** Production Unit Code.

b. **Indirect Non-Clinical DSS (ALBCC DCM) Production Unit Codes.** The Production Unit Code (fourth and fifth characters) for Non-Clinical Indirect ALBCCs is always double zero. These Indirect ALBCCs start with one of the 400, 500, or 600 three-character series VACCs. The [VHA Product Departments and Clinical Production Units](#) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference F, [Indirect Non-Clinical Departments](#), lists these non-clinical Indirect ALBCCs.

c. **Exempt ALBCCs.** Some costs assigned to VA medical centers should not be attributed to the costs of products or Product Departments when required full-costing methods are used. These exempt cost centers are listed on the [VHA Product Departments and Clinical Production Units](#) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference G, [Exempt ALBCCs](#).

7. ALB AND DCM PRODUCT DEPARTMENT CODING RULES

a. Production Units that are identified for special “Prerequisite First Three Characters” or “National Extract Match” on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference A, [National Product Department - ALBCC Master List](#), must retain the first three characters at all times. This is a necessary requirement for Production Units starting with zero and for Production Units that are clustered for benchmarking on National DSS Extract Reports. For the list of Production Units that must follow this rule, see the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference C, [Production Units with Required First Three Characters of Product Department Code](#).

b. To accurately reflect local hospital operations, it is permissible for sites to modify the first character of the Product Department and the first three numbers of the ALBCC, if the [first three characters are not required](#) or a [National Extract match](#) is not required by the [VHA Product Departments and Clinical Production Units](#) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference A, [National Product Department - ALBCC Master List](#).

c. The first character of the Product Department and the first three numbers of the ALBCC must correspond. If ‘M’ is used for the Product Department, the ALBCC number must begin with ‘201.’ **NOTE:** *See Appendix A.*

d. To control the number of Product Departments and ALBCCs on the national template while enabling the VA medical centers to structure more detail in their work units, suffixes may be used. Except for those specifically identified on the national template, sites may select suffixes for local use to further define sub-departments for workload and cost. If suffixes are used, they need to start with the fifth character of the Product Department and the seventh character of the ALBCC number. **NOTE:** *The VA medical center must comply with the National Standards in ALBCC and with the DCM Department formats for the base part of these codes.*

e. **Other Coding Rules**

(1) Services may be combined in certain instances. For example, some VA medical centers’ psychology departments may be considered part of psychiatry and, as such, would not have a separate department or prefix service code.

(2) Product Departments do not need to be established for exempt VACCs, as these are not posted to Product Departments on DSS (see the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference G, [Exempt ALBCCs](#)).

8. PROCESS TO UPDATE ALBCC AND DCM DSS PRODUCTION UNIT CODES

a. Each year, the list of DSS Production Units is updated to keep up with:

(1) New outpatient identifier (stop code) changes; and

(2) New technology or program changes in all clinical and VA medical center support services.

b. The DSS Program Office, VISNs and individual VA medical centers are encouraged to submit requests for new DSS unit codes by April 1 of the year before the new fiscal year when they are to take effect. For all new ALBCC requests, the end of the review period for Product Departments is June 1 of the year before the new fiscal year. *NOTE: In emergency situations, some new ALBCCs can be added when requested as late as September of the year before the new fiscal year. These situations do not occur often.*

9. STANDARDIZATION AUDITS

The DSS Standardization Technical Advisory Group (TAG), composed of VISN and VA medical center DSS managers, performs an automated audit of all VA medical center use of ALBCC and DCM department codes. The results of the audit are provided to VA medical centers for verification or further compliance, as needed. *NOTE: Historically, results for Annual ALBCC Standardization Audits have often been at near perfect compliance level.*

10. DEFINITIONS

a. Product Departments (also known as DSS or DCM Departments)

(1) **Work or Product Departments.** Work or Product Departments (also known as Production Units) are generally subsets of a major VHA Service. They have a group of employees with a common work objective, as well as identifiable labor and other costs. Each Department has a manager who is responsible for cost and for the quality of the work produced. The relationship of a DSS Product Department to a DSS ALBCC is most often one-to-one; however, a single department may receive cost from multiple cost centers. Departments are characterized as Direct or Indirect, based on whether there are clinical products captured and reported in DSS for the department, or not. Usually, Indirect Departments are from VACC 400-600 Series, and Direct Product Departments are from VACCs in the 200 Series.

(2) **Direct Departments.** Direct Departments have the following characteristics:

(a) Patients in the course of their treatment consume the department's products and services.

(b) The products and services are recorded in a VistA package and extracted for DSS.

(c) The number and type of products used is at the discretion of the clinician, as the departmental workload is driven by patient treatment patterns.

(d) The products and services produced by the department can be matched with the cost of providing the products and services.

(3) **Direct Support Departments.** Some Production Units with clinical service labor and other costs (i.e., VACC 200 Series costs) do not have products provided to patients or collected on VistA. The costs of these departments cannot be assigned directly to a patient case since no product is provided; however, these costs in the 200 VACC Series are clinical and usually relate directly to overhead administration of Clinical Production Units. These have both Indirect (no patient products) and Direct (clinical professional labor and costs) components. On DSS, these are called Direct Support Costs and are allocated along with Indirect costs such as Building Management, Engineering, etc. These are “stepped-down” over the actual products delivered to patients. The difference between Direct Support Departments and Indirect Support Departments in the step-down allocation, is that true Indirect Support Departments (400-500 VACC) go to most all products, whereas Direct support costs are stepped down only to Product Departments in that clinical service.

(4) **Indirect Departments.** Some Indirect Departments have the following characteristics:

(a) They produce products and services that cannot be specifically traced to individual patients.

(b) Other departments consume their services.

(c) The costs of these Indirect Departments are allocated to the Direct Departments and ultimately to the Intermediate Products; therefore, the intermediate products are fully costed, and the individual patient is credited with an appropriate amount of indirect expense as a result of products used.

(5) **Direct Departments Without Product Workload Capture Systems.** Departments classified as Direct Support Departments are directly related to patient care, but do not have products such as Clinical Service, Administration, Research and Teaching. Other Departments have products but no workload capture system because their Social Work Service, Physical Medicine and Rehabilitation, Chaplaincy, Recreation Therapy, Respiratory Therapy, Pulmonary Function and/or some other Department has not yet set up the ECS that they are required to use by their VHA Central Office Program Office. In the case of a clinical department providing care to inpatients, but not collecting the workload, they need to use the generic inpatient department 5WW1.

(6) Some VA medical centers do not yet collect clinical work products; the dollars and hours are mapped to 5WW1 – General Inpatient Support Department. This attributes the cost of patient-related inpatient costs that cannot be tied to a more specific product, to a generic inpatient-support bed day. **NOTE:** 5WW1 is a Direct Department.

b. Account Level Budgeter Cost Center (ALBCC)

(1) ALBCCs are used in DSS to map labor and other costs to the Production Unit or Product Department level. Examples of ALBCCs are each primary clinic stop, Electrocardiogram (EKG), Laboratory (LAB), OR, and each nursing ward. ALBCCs are established to store budget and actual expenses (and hours) for DSS departments. Usually there is a one-to-one match between an ALBCC and its DCM department.

(2) **VA Cost Centers (VACCs).** VACCs are distributions of costs at the clinical or administrative service level.

(3) **Exempt ALBCCs.** Certain costs are recorded in ALB, the DSS financial module, which are inappropriate to apply to VA medical center workload as overhead. These are collected in ALBCCs called EXEMPT (i.e., exempt from being allocated to the VA medical center's Product Departments). The [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), Reference G, Exempt ALBCCs, provides a list of those VACCs that are usually categorized as Exempt on DSS National VHA Product Department and ALBCC lists. **NOTE:** *If an ALBCC is categorized as Exempt, it does not require a Product Department code because it will never need to have its costs allocated from Indirect Departments to Product-bearing Departments. Examples of these include the non-VA care costs for which no workload is collected in DSS. Only the LTC non-VA work is collected in DSS, but in some VA medical centers, 100 percent of LTC Non-VA work is not yet collected, so even for these VA medical centers, some LTC Non-VA costs must be handled as "Exempt" ALBCCs.*

c. Intermediate Products (IPs). IPs are procedures and services used in treating patients that make up the majority of the business done within each Department. Examples of Intermediate Products are laboratory tests, radiology procedures, nursing ward days, and OR time. Intermediate Products are recorded in DCM in Direct Departments. The standard, or expected, cost is calculated when the facility builds the annual budget. Each month the actual cost is calculated. The Intermediate Products and costs are recorded on patient encounter records as utilization.

d. Volumes. Volumes is the quantity or number of products recorded during a specified time frame. Extract records from VistA packages are loaded into DCM and provide the records of the Intermediate Products for each Direct Department. Fluctuation in volumes between fiscal periods results in changes to direct product's unit cost.

e. Allocation. An allocation is the templated process within DSS of distributing an organization's Indirect costs across multiple departments.

(1) DSS uses a large step-down method. Under this method, departments are arrayed in a hierarchy, with the Indirect Departments having the broadest facility impact at the top. After all the Indirect Departments are listed, the Direct Departments follow.

(2) During the allocation process, the costs in the first Indirect Department are allocated to all departments below it in the hierarchy using the pre-specified set of criteria. Costs are

allocated from each of the Indirect Departments in turn until all Indirect cost has been distributed to Direct Departments.

f. **DSS General Accounting Terms.** The following definitions are provided to explain general accounting terms in DSS and to better understand the contents of each column on the [VHA Product Departments and Clinical Production Units](http://vawww.dss.med.va.gov/dss/d_depts.htm) web page (http://vawww.dss.med.va.gov/dss/d_depts.htm) in Reference A, [National Product Department - ALBCC Master List](#). *NOTE: For definitions that apply to the columns in Reference A, the column header is provided in parentheses.*

(1) **Production Unit Code (DSS PROD UNIT).** The Production Unit Code is the two character alphanumeric code that uniquely identifies Clinical Production Units regardless of the Clinical Service managing the Unit or Product Department and the Division. It provides the second and third characters in the DSS Product Department Code and the fourth and fifth characters in the counterpart ALBCC.

(2) **Primary Product Department Prefix (PRODUCT DEPT.).** The Primary Product Department Prefix is the first character of the DSS Product Department, or DCM Department, Code indicating Clinical Service.

(3) **DSS Product Department Suffix (PRODUCT DEPT.).** The DSS Product Department Suffix is the fourth to sixth character of the DSS Product Department (or DCM Department) Code. The fourth character is usually the Division and the fifth and sixth characters are used to indicate special sub-departments at a given VA medical center.

(4) **ALBCC Prefix (ALBCC).** The ALBCC prefix is the first three characters of the ALBCC Code, by convention, must reflect the second through fourth characters of the VACC, which is counterpart to the Prefix Clinical Service Code of the Product Department (see App. A).

(5) **ALBCC Suffix (ALBCC).** The ALBCC suffix is the sixth to eighth characters of the ALBCC Code. The sixth character usually reflects the division. The seventh and eighth characters of any sub ALBCC Unit, if present, are used to indicate special sub-departments at a given VA medical center.

(6) **Clinical Service (CLINICAL SERVICE).** The Clinical Service is traditionally associated with the Clinical Product Department. This is used only for sorting purposes on the [VHA Product Departments and Clinical Production Units](http://vawww.dss.med.va.gov/dss/d_depts.htm) web page (http://vawww.dss.med.va.gov/dss/d_depts.htm) in Reference A, [National Product Department - ALBCC Master List](#).

(7) **“Required First Three Characters of DCM Department” (PREREQUI-S 1ST 3 CHAR).** No substitutions of the first three characters are permitted, as these Departments with Production Unit Codes starting with zero can only be reliably identified if the primary character is exactly as described on the [VHA Product Departments and Clinical Production Units](http://vawww.dss.med.va.gov/dss/d_depts.htm) web page (http://vawww.dss.med.va.gov/dss/d_depts.htm) in Reference A, [National Product Department - ALBCC Master List](#).

(8) **National Extract Match (NAT'L EXTRACT MATCH).** The National Extract Match is used for Benchmark Category Comparisons. These DSS Departments must always use the same first three characters. Substitution of different first three characters is not permitted. These first three characters are required for special logic pulls to provide benchmark components on the NDE DSS KLF Cost Reports.

(9) **National Rollup Common Department (NAT'L ROLLUP COMMON DEPT).** The National Rollup Common Department is the National VHA Rollup grouping also known as National Careline Comparison Departments similar to those used by the private sector. Historically in VHA, these were used for the National DSS Rollup Reports. Currently, these are used to rollup DSS Product Departments to larger entities for national comparisons in the NDE ALB Report that groups ALBCC into Rollup Categories, somewhat resembling "Careline."

(10) **Short Abbreviations of DSS Departments (SHORT NAT'L DESCRIPT)**

(a) Ten Character. These very short descriptions appear on some DSS software screens.

(b) Thirty Character. These thirty-character descriptions are the basic short description for the DSS Production Unit, the DCM Department and the counterpart ALBCC, on DSS and DSS National Reports.

(11) **Long Definitions of DSS Departments (NATIONAL OR LOCAL LONG DESCRIPTION).** Long definitions of DSS departments are expansions of the Short National Description on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) in Reference A, [National Product Department - ALBCC Master List](#). Associated with each Product Department is a long definition that is highly descriptive. When the Long Definition List is released, it will be located on the [VHA Product Departments and Clinical Production Units](http://vaww.dss.med.va.gov/dss/d_depts.htm) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm) as Reference I, Long Definitions of Departments.

(12) **Variable and Fixed Costs**

(a) Variable costs are those that vary directly and proportionately with volume. Many direct costs, such as laboratory supplies, are examples of pure variable costs since the increase is in direct proportion to the number of services performed. Other examples of variable costs include physician and nursing care labor costs.

(b) Fixed costs are those that do not vary with volume of patient care. The word "fixed" does not mean that the costs cannot change, but rather that they do not change as a result of volume. Examples of fixed costs are the costs of building depreciation, fuel and utilities and administrative staff of direct departments.

(13) **Cost Types.** When costs are brought into DCM from ALB, the account and job code information is summarized by cost type. The following cost types are maintained in DSS:

(a) Fixed Direct Labor (FDL).

- (b) Fixed Direct Equipment (FDE).
- (c) Fixed Direct Other (FDO).
- (d) Fixed Direct Facility (FDF).
- (e) Variable Labor (VL).
- (f) Variable Supplies (VS).
- (g) Variable Other (VO) (not used).

(14) **Cost Categories in Commercial Software Package.** Variable labor cost type is further detailed by the following cost categories:

- (a) VL1 Technician, social workers and related trainees.
- (b) VL2 Registered Nurse or Licensed Practical Nurse.
- (c) VL3 This cost category is not officially used in VA.
- (d) VL4 Physicians, dentists, psychologists, residents (house staff).
- (e) VL5 Contract labor (2500 BOCs coded as labor accounts).

(15) **Intermediate Product (IP) Cost.** IP Cost is the unit cost for each IP calculated in DCM and used for departmental information, as well as for cost on patient encounters.

(16) **Standard Cost.** Standard cost is a measure of how much a product or procedure is expected to cost based on the budgeted volume and dollars for the fiscal year.

(17) **Actual Cost.** Actual cost is a measure of how much a product or procedure cost based on the actual volume and dollars for a specific time period. Standard and actual costs for a product or group of products are compared over time to determine a department's variance from budget.

(18) **Productivity.** Productivity is a measure of effective use of the department's capacity. Specified hours are calculated in DSS by multiplying product volumes (number of procedures or test) times the variable labor Relative Value Units (RVUs) (labor minutes used per procedure or tests). The sum for all products is the number of minutes it should have taken to accomplish the workload. This number is divided by 60 to convert from minutes to hours and is called the specified time. It is also expressed as Full-time Equivalent (FTE). Specified time is divided by the actual time worked (paid time less vacations, sick or holiday) to determine the percent specified time or the productivity ratio. An acceptable range of percent specified time is between 70-120 percent.

(19) **Cost Type Used in VHA.** Cost classification for DCM data: ALB interfaces link ALB financial data to the appropriate cost type. The DSS software maintains the following cost types:

- (a) Variable Labor (VL).
- (b) Variable Supplies (VS).
- (c) Fixed Direct Facility (FDF).
- (d) Fixed Direct Labor (FDL).
- (e) Fixed Direct Equipment (FDE).
- (f) Fixed Direct Other (FDO).

(20) **DSS Cost Categories.** A subset of variable labor cost type. ALB interfaces link ALBCC and account combinations to cost categories. The sub-groupings of labor cost types are:

- (a) VL1 Allied health care personnel and technicians.
- (b) VL2 All nurses (Registered Nurses (RNs), Licensed Practical Nurses (LPNs), and aides).
- (c) VL 4 Physicians, Residents and Psychologists.
- (d) VL5 Contract labor.

11. REFERENCES

All references are on the web. To view the current version of a reference, see the [VHA Product Departments and Clinical Production Units](#) web page (http://vaww.dss.med.va.gov/dss/d_depts.htm), or click on the following reference name.

- a. [National Product Department – ALBCC Master List.](#)
- b. [National Clinical Production Unit Codes.](#)
- c. [Production Units with Required First Three Characters of Product Department Code.](#)
- d. [Non-VA Long Term Care Clinical Production Units.](#)
- e. [Production Unit Codes Starting with Zero: Those with Products or Not.](#)
- f. [Indirect Non-Clinical Departments.](#)
- g. [Exempt ALBCCs.](#)

- h. [Glossary of Acronyms.](#)
- i. Long Definitions of Departments (under development).
- j. [Non-VA, VA-Paid Long-Term Care Workload Data Capture.](#)
- k. [DSS Standardization.](#)
- l. [DSS Outpatient Identifiers.](#)

CROSS REFERENCE: CLINICAL PRODUCT DEPARTMENT SERVICE CODE PREFIX (DCM DEPARTMENT PREFIX) AND VA COST CENTER (ALBCC PREFIX)

NOTE: National Decision Support System (DSS) Parent Clinical Service Codes are single characters reflecting the Clinical Service medically and legally responsible for the Product Department. Single character Clinical Service Codes are used in place of the 3-character Department of Veterans Affairs (VA) Cost Center Prefix of the Account Level Budgeter (ALB) Department, as the lead digit for the Department Cost Manager (DCM) departments' 5-character codes.

Clinical Service Code	VACC Prefix for ALBCC Counterpart	Service Cost Centers
A	204	Ambulatory Care
B	245	Blind Rehabilitation
C	233	Spinal Cord Injury
D	224	Pharmacy
E	228	Speech Pathology and Audiology
F	243	Nutrition
G	212	Anesthesia
H	229	Nuclear Medicine
I	211	Dialysis
J	246	Recreational Therapy
K	236	Dermatology
L	223	Laboratory
M	201	Medicine
N	235	Neurology
O	227	Psychology (PSO)
P	203	Psychiatry (PSI)
Q	272/273	Prosthetics
R	242	Rehabilitation Medicine
S	202	Surgery
T	248	Dental
U	241	Nursing
V	232	Optometry and/or Ophthalmology
W	221	Social Work
X	222	Radiology
Y	231	Podiatry
Z	237	Radiation Therapy
1	244	Chaplains
2	285/286	Medical Administration Service (MAS) Patient Contact
3	234	Geriatric Research Education Care Center (GRECC)
4	205	Domiciliary
5	201__ _ G	Geriatric Extended Care
9	≥ 400	Indirect Services